

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

**LEGISLATIVE BILL 205**

Introduced by Nordquist, 7; Lathrop, 12; Mello, 5; Nelson, 6;  
Pirsch, 4.

Read first time January 12, 2009

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend sections 14-567,  
2 15-1017, 16-1017, 16-1037, and 19-3501, Reissue Revised  
3 Statutes of Nebraska; to require educational and ethics  
4 training for board members of certain retirement systems  
5 as prescribed; and to repeal the original sections.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 14-567, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3           14-567 (1) Beginning December 31, 1998, and each December  
4 31 thereafter, the pension board of a city of the metropolitan  
5 class shall file with the Public Employees Retirement Board an  
6 annual report on each retirement plan established by such city  
7 pursuant to section 401(a) of the Internal Revenue Code and shall  
8 submit copies of such report to the members of the Nebraska  
9 Retirement Systems Committee of the Legislature. The annual report  
10 shall be in a form prescribed by the Public Employees Retirement  
11 Board and shall contain the following information for each such  
12 retirement plan:

13           (a) The number of persons participating in the retirement  
14 plan;

15           (b) The contribution rates of participants in the plan;

16           (c) Plan assets and liabilities;

17           (d) The names and positions of persons administering the  
18 plan;

19           (e) The names and positions of persons investing plan  
20 assets;

21           (f) The form and nature of investments;

22           (g) For each defined contribution plan, a full  
23 description of investment policies and options available to plan  
24 participants; and

25           (h) For each defined benefit plan, the levels of benefits

1 of participants in the plan, the number of members who are eligible  
2 for a benefit, and the total present value of such members'  
3 benefits, as well as the funding sources which will pay for such  
4 benefits.

5 If a plan contains no current active participants, the  
6 pension board may file in place of such report a statement with the  
7 Public Employees Retirement Board indicating the number of retirees  
8 still drawing benefits, and the sources and amount of funding for  
9 such benefits.

10 (2) Beginning December 31, 1998, and every four years  
11 thereafter, if such retirement plan is a defined benefit plan, the  
12 pension board of a city of the metropolitan class shall cause to  
13 be prepared a quadrennial report and shall file the same with the  
14 Public Employees Retirement Board and submit to the members of the  
15 Nebraska Retirement Systems Committee of the Legislature a copy of  
16 such report. The report shall consist of a full actuarial analysis  
17 of each such retirement plan established by the city. The analysis  
18 shall be prepared by an independent private organization or public  
19 entity employing actuaries who are members in good standing of the  
20 American Academy of Actuaries, and which organization or entity  
21 has demonstrated expertise to perform this type of analysis and is  
22 unrelated to any organization offering investment advice or which  
23 provides investment management services to the retirement plan.

24 (3) (a) Beginning January 1, 2010, and each year  
25 thereafter, each member of the pension board shall obtain at least

1 six hours of educational training in the management and operation  
2 of public employee retirement pension systems, actuarial analysis,  
3 or employee benefits.

4 (b) Beginning January 1, 2010, and every four years  
5 thereafter, each member of the pension board shall obtain at least  
6 three hours of ethics training.

7 (c) Any member of the pension board who takes office for  
8 the first time after January 1, 2010, shall obtain at least three  
9 hours of ethics training within his or her first year of service,  
10 and every four years thereafter, and shall obtain at least three  
11 hours of training in basic investments and fiduciary responsibility  
12 in addition to the training required under subdivision (3)(a) of  
13 this subsection.

14 Members shall be reimbursed for their actual and  
15 necessary expenses incurred in connection with attendance at  
16 training programs, seminars, or conferences from the funds of the  
17 retirement plan, including, but not limited to, travel expenses and  
18 tuition or fees for such training.

19 Sec. 2. Section 15-1017, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21 15-1017 (1) A city of the primary class which has a  
22 city pension and retirement plan or fund, or a city fire and  
23 police pension plan or fund, or both, may provide by ordinance  
24 as authorized by its home rule charter, and not prohibited by the  
25 Constitution of Nebraska, for the investment of any plan or fund,

1 and it may provide that (a) such a city shall place in trust any  
2 part of such plan or fund, (b) it shall place in trust any part  
3 of any such plan or fund with a corporate trustee in Nebraska,  
4 or (c) it shall purchase any part of any such plan from a life  
5 insurance company licensed to do business in the State of Nebraska.  
6 The powers conferred by this section shall be independent of and in  
7 addition and supplemental to any other provisions of the laws of  
8 the State of Nebraska with reference to the matters covered hereby  
9 and this section shall be considered as a complete and independent  
10 act and not as amendatory of or limited by any other provision of  
11 the laws of the State of Nebraska.

12 (2) (a) Beginning December 31, 1998, and each December 31  
13 thereafter, the clerk of a city of the primary class shall file  
14 with the Public Employees Retirement Board an annual report on  
15 each retirement plan established pursuant to this section, section  
16 15-1026, and section 401(a) of the Internal Revenue Code and  
17 shall submit copies of such report to the members of the Nebraska  
18 Retirement Systems Committee of the Legislature. The annual report  
19 shall be in a form prescribed by the Public Employees Retirement  
20 Board and shall contain the following information for each such  
21 retirement plan:

22 (i) The number of persons participating in the retirement  
23 plan;

24 (ii) The contribution rates of participants in the plan;

25 (iii) Plan assets and liabilities;

1           (iv) The names and positions of persons administering the  
2 plan;

3           (v) The names and positions of persons investing plan  
4 assets;

5           (vi) The form and nature of investments;

6           (vii) For each defined contribution plan, a full  
7 description of investment policies and options available to plan  
8 participants; and

9           (viii) For each defined benefit plan, the levels of  
10 benefits of participants in the plan, the number of members who  
11 are eligible for a benefit, and the total present value of such  
12 members' benefits, as well as the funding sources which will pay  
13 for such benefits.

14           If a plan contains no current active participants, the  
15 city clerk may file in place of such report a statement with the  
16 Public Employees Retirement Board indicating the number of retirees  
17 still drawing benefits, and the sources and amount of funding for  
18 such benefits.

19           (b) Beginning December 31, 1998, and every four years  
20 thereafter, if such retirement plan is a defined benefit plan,  
21 the city council of a city of the primary class shall cause to  
22 be prepared a quadrennial report and shall file the same with  
23 the Public Employees Retirement Board and submit to the members  
24 of the Nebraska Retirement Systems Committee of the Legislature a  
25 copy of such report. The report shall consist of a full actuarial

1 analysis of each such retirement plan established pursuant to this  
2 section and section 15-1026. The analysis shall be prepared by  
3 an independent private organization or public entity employing  
4 actuaries who are members in good standing of the American Academy  
5 of Actuaries, and which organization or entity has demonstrated  
6 expertise to perform this type of analysis and is unrelated to  
7 any organization offering investment advice or which provides  
8 investment management services to the retirement plan.

9 (3) (a) Beginning January 1, 2010, and each year  
10 thereafter, each member of a body, board, council, or committee  
11 who supervises a pension or retirement plan established pursuant  
12 to subsection (1) of this section shall obtain at least six  
13 hours of educational training in the management and operation of  
14 public employee retirement pension systems, actuarial analysis, or  
15 employee benefits.

16 (b) Beginning January 1, 2010, and every four years  
17 thereafter, each member of such body, board, council, or committee  
18 shall obtain at least three hours of ethics training.

19 (c) Any member of such body, board, council, or committee  
20 who takes office for the first time after January 1, 2010,  
21 shall obtain at least three hours of ethics training within his  
22 or her first year, and every four years thereafter, and shall  
23 obtain at least three hours of training in basic investments and  
24 fiduciary responsibility in addition to the training required under  
25 subdivision (3) (a) of this subsection.

1           Members shall be reimbursed for their actual and  
2 necessary expenses incurred in connection with attendance at  
3 training programs, seminars, or conferences from the funds of such  
4 pension or retirement plan, including, but not limited to, travel  
5 expenses and tuition or fees for such training.

6           Sec. 3. Section 16-1017, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8           16-1017 (1) It shall be the duty of the retirement  
9 committee to:

10           (a) Provide each employee a summary of plan eligibility  
11 requirements and benefit provisions;

12           (b) Provide, within thirty days after a request is made  
13 by a participant, a statement describing the amount of benefits  
14 such participant is eligible to receive; and

15           (c) Make available for review an annual report of the  
16 system's operations describing both (i) the amount of contributions  
17 to the system from both employee and employer sources and (ii) an  
18 identification of the total assets of the retirement system.

19           (2)(a) Beginning December 31, 1998, and each December  
20 31 thereafter, the chairperson of the retirement committee shall  
21 file with the Public Employees Retirement Board an annual report  
22 on each retirement plan established pursuant to section 401(a)  
23 of the Internal Revenue Code and administered by a retirement  
24 system established pursuant to sections 16-1001 to 16-1019 and  
25 shall submit copies of such report to the members of the Nebraska

1 Retirement Systems Committee of the Legislature. The annual report  
2 shall be in a form prescribed by the Public Employees Retirement  
3 Board and shall contain the following information for each such  
4 retirement plan:

5 (i) The number of persons participating in the retirement  
6 plan;

7 (ii) The contribution rates of participants in the plan;

8 (iii) Plan assets and liabilities;

9 (iv) The names and positions of persons administering the  
10 plan;

11 (v) The names and positions of persons investing plan  
12 assets;

13 (vi) The form and nature of investments;

14 (vii) For each defined contribution plan, a full  
15 description of investment policies and options available to plan  
16 participants; and

17 (viii) For each defined benefit plan, the levels of  
18 benefits of participants in the plan, the number of members who  
19 are eligible for a benefit, and the total present value of such  
20 members' benefits, as well as the funding sources which will pay  
21 for such benefits.

22 If a plan contains no current active participants, the  
23 chairperson may file in place of such report a statement with the  
24 Public Employees Retirement Board indicating the number of retirees  
25 still drawing benefits, and the sources and amount of funding for

1 such benefits.

2 (b) Beginning December 31, 1998, and every four years  
3 thereafter, if such retirement plan is a defined benefit plan,  
4 the retirement committee shall cause to be prepared a quadrennial  
5 report and the chairperson shall file the same with the Public  
6 Employees Retirement Board and submit to the members of the  
7 Nebraska Retirement Systems Committee of the Legislature a copy  
8 of such report. The report shall consist of a full actuarial  
9 analysis of each such retirement plan administered by a system  
10 established pursuant to sections 16-1001 to 16-1019. The analysis  
11 shall be prepared by an independent private organization or public  
12 entity employing actuaries who are members in good standing of the  
13 American Academy of Actuaries, and which organization or entity  
14 has demonstrated expertise to perform this type of analysis and is  
15 unrelated to any organization offering investment advice or which  
16 provides investment management services to the retirement plan.

17 (3)(a) Beginning January 1, 2010, and each year  
18 thereafter, each member of the retirement committee shall obtain  
19 at least six hours of educational training in the management and  
20 operation of public employee retirement pension systems, actuarial  
21 analysis, or employee benefits.

22 (b) Beginning January 1, 2010, and every four years  
23 thereafter, each member of the retirement committee shall obtain at  
24 least three hours of ethics training.

25 (c) Any member of the retirement committee who takes

1 office for the first time after January 1, 2010, shall obtain  
2 at least three hours of ethics training within his or her first  
3 year of service, and every four years thereafter, and shall  
4 obtain at least three hours of training in basic investments and  
5 fiduciary responsibility in addition to the training required under  
6 subdivision (3)(a) of this subsection.

7 Members shall be reimbursed for their actual and  
8 necessary expenses incurred in connection with attendance at  
9 training programs, seminars, or conferences from the funds of such  
10 retirement system, including, but not limited to, travel expenses  
11 and tuition or fees for such training.

12 Sec. 4. Section 16-1037, Reissue Revised Statutes of  
13 Nebraska, is amended to read:

14 16-1037 (1) It shall be the duty of the retirement  
15 committee to:

16 (a) Elect a chairperson, a vice-chairperson, and such  
17 other officers as the committee deems appropriate;

18 (b) Hold regular quarterly meetings and special meetings  
19 upon the call of the chairperson;

20 (c) Conduct meetings pursuant to the Open Meetings Act;

21 (d) Provide each employee a summary of plan eligibility  
22 requirements, benefit provisions, and investment options available  
23 to such employee;

24 (e) Provide, within thirty days after a request is made  
25 by a participant, a statement describing the amount of benefits

1 such participant is eligible to receive; and

2 (f) Make available for review an annual report of the  
3 system's operations describing both (i) the amount of contributions  
4 to the system from both employee and employer sources and (ii) an  
5 identification of the total assets of the retirement system.

6 (2)(a) Beginning December 31, 1998, and each December  
7 31 thereafter, the chairperson of the retirement committee shall  
8 file with the Public Employees Retirement Board an annual report  
9 on each retirement plan established pursuant to section 401(a)  
10 of the Internal Revenue Code and administered by a retirement  
11 system established pursuant to sections 16-1020 to 16-1042 and  
12 shall submit copies of such report to the members of the Nebraska  
13 Retirement Systems Committee of the Legislature. The annual report  
14 shall be in a form prescribed by the Public Employees Retirement  
15 Board and shall contain the following information for each such  
16 retirement plan:

17 (i) The number of persons participating in the retirement  
18 plan;

19 (ii) The contribution rates of participants in the plan;

20 (iii) Plan assets and liabilities;

21 (iv) The names and positions of persons administering the  
22 plan;

23 (v) The names and positions of persons investing plan  
24 assets;

25 (vi) The form and nature of investments;

1           (vii) For each defined contribution plan, a full  
2 description of investment policies and options available to plan  
3 participants; and

4           (viii) For each defined benefit plan, the levels of  
5 benefits of participants in the plan, the number of members who  
6 are eligible for a benefit, and the total present value of such  
7 members' benefits, as well as the funding sources which will pay  
8 for such benefits.

9           If a plan contains no current active participants, the  
10 chairperson may file in place of such report a statement with the  
11 Public Employees Retirement Board indicating the number of retirees  
12 still drawing benefits, and the sources and amount of funding for  
13 such benefits.

14           (b) Beginning December 31, 1998, and every four years  
15 thereafter, if such retirement plan is a defined benefit plan,  
16 the retirement committee shall cause to be prepared a quadrennial  
17 report and the chairperson shall file the same with the Public  
18 Employees Retirement Board and submit to the members of the  
19 Nebraska Retirement Systems Committee of the Legislature a copy  
20 of such report. The report shall consist of a full actuarial  
21 analysis of each such retirement plan administered by a system  
22 established pursuant to sections 16-1020 to 16-1042. The analysis  
23 shall be prepared by an independent private organization or public  
24 entity employing actuaries who are members in good standing of the  
25 American Academy of Actuaries, and which organization or entity

1 has demonstrated expertise to perform this type of analysis and is  
2 unrelated to any organization offering investment advice or which  
3 provides investment management services to the retirement plan.

4 (3) (a) Beginning January 1, 2010, and each year  
5 thereafter, each member of the retirement committee shall obtain  
6 at least six hours of educational training in the management and  
7 operation of public employee retirement pension systems, actuarial  
8 analysis, or employee benefits.

9 (b) Beginning January 1, 2010, and every four years  
10 thereafter, each member of the retirement committee shall obtain  
11 three hours of ethics training.

12 (c) Any member of the retirement committee who takes  
13 office for the first time after January 1, 2010, shall obtain  
14 at least three hours of ethics training within his or her first  
15 year of service, and every four years thereafter, and shall  
16 obtain at least three hours of training in basic investments and  
17 fiduciary responsibility in addition to the training required under  
18 subdivision (3) (a) of this subsection.

19 Members shall be reimbursed for their actual and  
20 necessary expenses incurred in connection with attendance at  
21 training programs, seminars, or conferences from the funds of such  
22 retirement system, including, but not limited to, travel expenses  
23 and tuition or fees for such training.

24 Sec. 5. Section 19-3501, Reissue Revised Statutes of  
25 Nebraska, is amended to read:

1           19-3501 (1) The governing body of cities of the first and  
2 second classes and villages may, by appropriate ordinance or proper  
3 resolution, establish a pension plan designed and intended for the  
4 benefit of the regularly employed or appointed full-time employees  
5 of the city. Any recognized method of funding a pension plan may  
6 be employed. The plan shall be established by appropriate ordinance  
7 or proper resolution, which may provide for mandatory contribution  
8 by the employee. The city may also contribute, in addition to any  
9 amounts contributed by the employee, amounts to be used for the  
10 purpose of funding employee past service benefits. Any two or more  
11 cities of the first and second classes and villages may jointly  
12 establish such a pension plan by adoption of appropriate ordinances  
13 or resolutions. Such a pension plan may be integrated with old  
14 age and survivors insurance, otherwise generally known as social  
15 security.

16           (2) (a) Beginning December 31, 1998, and each December  
17 31 thereafter, the clerk of a city or village with a retirement  
18 plan established pursuant to this section and section 401(a) of  
19 the Internal Revenue Code shall file with the Public Employees  
20 Retirement Board an annual report on such plan and shall submit  
21 copies of such report to the members of the Nebraska Retirement  
22 Systems Committee of the Legislature. The annual report shall be  
23 in a form prescribed by the Public Employees Retirement Board and  
24 shall contain the following information for each such retirement  
25 plan:

- 1           (i) The number of persons participating in the retirement  
2 plan;
- 3           (ii) The contribution rates of participants in the plan;
- 4           (iii) Plan assets and liabilities;
- 5           (iv) The names and positions of persons administering the  
6 plan;
- 7           (v) The names and positions of persons investing plan  
8 assets;
- 9           (vi) The form and nature of investments;
- 10          (vii) For each defined contribution plan, a full  
11 description of investment policies and options available to plan  
12 participants; and
- 13          (viii) For each defined benefit plan, the levels of  
14 benefits of participants in the plan, the number of members who  
15 are eligible for a benefit, and the total present value of such  
16 members' benefits, as well as the funding sources which will pay  
17 for such benefits.

18           If a plan contains no current active participants, the  
19 city or village clerk may file in place of such report a statement  
20 with the Public Employees Retirement Board indicating the number  
21 of retirees still drawing benefits, and the sources and amount of  
22 funding for such benefits.

23           (b) Beginning December 31, 1998, and every four years  
24 thereafter, if such retirement plan is a defined benefit plan,  
25 the city council or village board shall cause to be prepared

1 a quadrennial report and shall file the same with the Public  
2 Employees Retirement Board and submit to the members of the  
3 Nebraska Retirement Systems Committee of the Legislature a copy  
4 of each report. The report shall consist of a full actuarial  
5 analysis of each such retirement plan established pursuant to this  
6 section. The analysis shall be prepared by an independent private  
7 organization or public entity employing actuaries who are members  
8 in good standing of the American Academy of Actuaries, and which  
9 organization or entity has demonstrated expertise to perform this  
10 type of analysis and is unrelated to any organization offering  
11 investment advice or which provides investment management services  
12 to the retirement plan.

13 (3) Subsection (1) of this section shall not apply to  
14 firefighters or police officers who are included under an existing  
15 pension or retirement system established by the municipality  
16 employing such firefighters or police officers or the Legislature.  
17 If a city of the first class decreases in population to less than  
18 five thousand, as determined by the latest federal census, any  
19 police officer or firefighter employed by such city on or prior to  
20 the date such city becomes a city of the second class shall retain  
21 the level of benefits established by the Legislature for police  
22 officers or firefighters employed by a city of the first class on  
23 the date such city becomes a city of the second class.

24 (4) (a) Beginning January 1, 2010, and each year  
25 thereafter, each member of a body, board, council, or committee

1 who supervises a pension plan established pursuant to subdivision  
2 (1) (a) of this section shall obtain at least six hours of  
3 educational training in the management and operation of public  
4 employee retirement pension systems, actuarial analysis, or  
5 employee benefits.

6 (b) Beginning January 1, 2010, and every four years  
7 thereafter, each member of such body, board, council, or committee  
8 shall obtain at least three hours of ethics training.

9 (c) Any member of such body, board, council, or committee  
10 who takes office for the first time after January 1, 2010, shall  
11 obtain at least three hours of ethics training within his or her  
12 first year of service, and every four years thereafter, and shall  
13 obtain at least three hours of training in basic investments and  
14 fiduciary responsibility in addition to the training required under  
15 subdivision (4) (a) of this subsection.

16 Members shall be reimbursed for their actual and  
17 necessary expenses incurred in connection with attendance at  
18 training programs, seminars, or conferences from the funds of such  
19 retirement plan, including, but not limited to, travel expenses and  
20 tuition or fees for such training.

21 Sec. 6. Original sections 14-567, 15-1017, 16-1017,  
22 16-1037, and 19-3501, Reissue Revised Statutes of Nebraska, are  
23 repealed.